

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 COME-00 INT-08 SCEM-02 FPC-01

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FM USMISSION BERLIN

TO SECSTATE WASHDC 1938

AMEMBASSY BONN

INFO MEMBASSY LONDON 5776

AMEMBASSY MOSCOW

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AMEMBASSY PARIS

C O N F I D E N T I A L BERLIN 1000

E. O. 11652: GDS

TAGS:

SUBJECT: GDR OIL PIPELINE TO BERLIN

REF: A. BERLIN 951

B. BONN 8262

C. BERLIN A30

D. BERLIN A43

1. SUMMARY. HEAD OF SENAT CHANCERY HERZ PROVIDED
POLADS JUNE 8 WITH ADDITIONAL DETAILS RE PIPELINE PRO-
POSAL (REF A), INDICATING ARRANGEMENTS WOULD BE SUBSUMED
UNDER INNER- GERMAN TRADE (IGT). HE SAID FRG STATE SECRETARIES
MEETING WOULD DISCUSS MATTER IN BONN JUNE 14 IN CONTEXT
OF OTHER OUTSTANDING ENERGY PROPOSALS INVOLVING EASTERN
EUROPE BUT THAT NO DISCUSSION WITH EAS EUROPEANS
WOULD BE UNDERTAKEN WITHOUT PRIOR CONSULTATION WITH
ALLIES. MISSION RECOMMENDS THAT FRG BE ENCOURAGED TO ASSUME
BURDEN OF
REPRESENTING BERLIN IN ANY ENERGY TALKS WITH GDR. END SUMMARY
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2. HEAD OF CHANCERY PETER HERZ REQUESTED MEETING WITH POLADS JUNE 8 TO DISCUSS FURTHER DETAILS OF OFFER TO NEGOTIATE CONSTRUCTION OF PIPELINE TO BRING SCHWEDT PRODUCTS TO WEST BERLIN. HERZ SAID SENAT WOULD NOT BECOME INVOLVED IN ECONOMIC ASPECTS BUT WOULD LARGELY BE CONCERNED WITH ENTRY OF PIPELINE ACROSS WALL (ALTERNATIVES BEING CONSIDERED ARE UNDER HAVEL TO SPANDAU OR TERMINAL POINT IN FRENCH SECTOR). ECONOMIC CONSIDERATIONS WOULD BE NEGOTIATED BY WEST BERLIN CONSULTATIVE FIRM ENERGIE ANLAGEN BERLIN (BERLIN A-119) AND EAST GERMAN OPPOSITE NUMBER. FORMER IN TURN WOULD COORDINATE WITH IGT OFFICE AND, IF NEGOTIATIONS WORKED OUT, OIL SHIPMENTS WOULD COME WITHIN IGT.

3. HERZ SAID SENAT INTERESTS WOULD BE PRINCIPALLY REPRESENTED BY SENATOR FOR ECONOMIC KOENIG' S OFFICE WITH MEMBER OF TEAM FROM CHANCERY. AMONG POLITICAL PROBLEMS FORESEEN WERE GDR' S DESIRE TO HAVE PROVISIONS SIMILAR TO THAT IN RECENT REFUSE AGREEMENT RECOGNIZING GDR LAWS AND REGULATIONS AS APPLICABLE TO PIPELINE AND GDR VIEW WHICH SENAT COULD NOT ACCEPT THAT PIPELINE SHOULD BE REGARDED AS " VERKEHRSWEG DE DDR" WITH RESIDUAL GDR SOVEREIGNTY ANALOGOUS TO GDR CLAIMS RE REICHBAHN.

4. SENAT WOULD LIKE TO HAVE SAME OIL COMPANIES (SHELL, ESSO, BP AND ARAL) INVOLVED IN PIPELINE OPERATIONS AS ARE NOW CONNECTED WITH MARKETING OF GDR REFINERY PRODUCTS. HERZ SAID PIPELINE WOULD BE CONSIDERED IN CONTEXT OF BROAD ENERGY PROPOSALS DISCUSSED BY ROHWEDDER IN LEIPZIG (REF B) AND WOULD BE CONSIDERED PART OF 30- YEAR PLAN TO MEET BERLIN ENERGY NEEDS. NEW PIPELINES WOULD BE EXTENSION OF LINE ENDING AT BERNAU 60 KILOMETERS FROM WEST BERLIN AND WOULD BE EXPECTED TO HANDLE TOTAL OF 1,400,000 TONS OF OIL PRODUCTS. THIS WOULD INCLUDE MOST OF 900,000 TONS NOW SHIPPED FROM SCHWEDT TO WEST BERLIN BY OTHER MEANS, ALTHOUGH APPROXIMATELY 250,000 TONS WOULD STILL BE PROVIDED OUTSIDE PIPELINE. INASMUCH AS TOTAL WOULD BE IN EXCESS OF WEST BERLIN NEEDS, PART WOULD BE TRANS-
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SHIPPED BY BARGE OR RAIL TO FRG.

5. HERZ SAID MEETING OF STATE SECRETARIES WOULD BE HELD IN BONN JUNE 14 TO DISCUSS PIPELINE IN CONJUNCTION WITH OTHER OUTSTANDING PROPOSALS, INCLUDING TRANSMISSION LINE THROUGH GDR, CONSTRUCTION OF POWER

PLANTS IN USSR, ETC. HERZ NOTED WEST GERMANS WERE COGNIZANT OF NEED TO AVOID BECOMING TOO DEPENDENT ON EAST EUROPE FOR ENERGY SUPPLY AND THAT AFTER FRG HAD MADE DECISION THAT NO MORE THAN 50 PERCENT SHOULD COME FROM EAST. HE WAS UNABLE TO ESTIMATE DEGREE OF WEST BERLIN'S DEPENDENCY FOR ALL ENERGY RESOURCES IF PIPELINE SCHEME IMPLEMENTED, BUT SAID LINE WOULD MEET ROUGHLY 40 PERCENT OF WEST BERLIN'S OIL NEEDS FOR 1980. IN VIEW OF ALLIED RESPONSIBILITIES FOR SECURITY AND STRATEGIC IMPLICATIONS OF PIPELINE, SENAT INTENDED FULLY TO CONSULT WITH ALLIES; HE WOULD HAVE FURTHER SUGGESTIONS RE CONSULTATIVE MECHANISM FOLLOWING STATE SECRETARIES' MEETING. EVEN IF STATE SECRETARIES AGREED, HOWEVER, SENAT WOULD NOT START TALKS WITH GDR WITHOUT AGREEMENT WITH ALLIES. COMMENTING ON MIDANK'S SUGGESTION TO START TALKS IN EIGHT DAYS, HERZ SAID NEGOTIATIONS WOULD NOT BE CONDUCTED IN HASTE AND THAT SENAT AIMED AT POSSIBLE AGREEMENT BY END OF 1973 OR BEGINNING 1974. SENAT WISHED TO AVOID ENTERING INTO FORMAL AGREEMENT WITH GDR AND HOPED TO GET AWAY WITH EXCHANGE OF LETTERS OF GUARANTEE SIMILAR TO THOSE USED IN RECENT REFUSE AGREEMENT.

6. COMMENT. OIL PIPELINE, ESPECIALLY IF ITS PRODUCTS ARE TO BE SHARED BY FRG WOULD APPEAR TO BE PARTICULARLY APPROPRIATE SUBJECT ON WHICH FRG SHOULD NEGOTIATE ON BEHALF OF WEST BERLIN INTERESTS. LOCAL ARRANGEMENTS, SUCH AS ENTRY OF LINE INTO WEST BERLIN MIGHT CONCEIVABLY REQUIRE SEPARATE UNDERSTANDING WITH SENAT AND SOME SORT OF ALLIED UMBRELLA, BUT THAT BRIDGE COULD BE CROSSED LATER. AT THIS JUNCTURE, WHEN MEANING OF BERLIN REPRESENTATION UNDER BASIC TREATY IS STILL BEING EXPLORED, MISSION URGES THAT FRG BE ENCOURAGED TO DISSUADE SENAT FROM GETTING INTO FAR-REACHING, DIRECT BILATERAL NEGOTIATION WITH GDR. AT MINIMUM SUCH NEGOTIATION SHOULD BE CONDUCTED UNDER FRG AEGIS. FROM
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POLITICAL POINT OF VIEW AN INTERESTING POSSIBILITY WOULD BE FRG NEGOTIATING TEAM WITH BERLIN REPRESENTATION (CONSULTATIVE FIRM, SENAT, OR BOTH). KLEIN

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